

**ARIZONA DEPARTMENT OF REAL ESTATE  
REAL ESTATE ADVISORY BOARD  
MINUTES  
July 12, 2007**

The Arizona Real Estate Advisory Board met on Thursday, July 12<sup>th</sup>, 2007 at the Arizona Department of Real Estate (ADRE), 2910 N. 44<sup>th</sup> Street, First Floor Conference Room, in Phoenix, Arizona.

**I. CALL TO ORDER**

Chair Gary Brasher called the meeting to order at approximately 10:02 a.m.

Members present:

- ☐ Gary Brasher, Chair, Tubac
- ☐ Lisa Suarez, Vice Chair, Tucson
- ☐ Frank Dickens, Member, Flagstaff
- ☐ Ann White, Member, Tucson
- ☐ Kathy Howe, Member, Sedona

Unable to attend: Tom Pancrazi, Member, Yuma

ADRE representatives present:

- ☐ Sam Wercinski, Commissioner
- ☐ Jerome Jordan, Assistant Commissioner, Operations
- ☐ Tom Adams, Assistant Commissioner, Investigations
- ☐ Tory Anderson, Assistant Commissioner, Policy & Projects
- ☐ Roy Tanney, Assistant Commissioner, Development Services
- ☐ Mary Utley, Assistant Commissioner, Public Relations
- ☐ Janet Blair, Assistant Commissioner, Licensing
- ☐ Robert Hall, Executive Assistant to the Commissioner

Public present:

- ☐ Vince Pellerito, Former Board Member
- ☐ Patty Shaw, Perspective Board Member
- ☐ Bruce Moseby, Perspective Board Member

**II. MINUTES**

Upon motion by Ann White, seconded by Frank Dickens, the Minutes of the April 12<sup>th</sup>, 2006 meeting were unanimously approved.

**III. INTRODUCTIONS & RECOGNITION**

- a. Introductions were completed by all present.
- b. Chair Brasher recognized outgoing Advisory Board Member Vince Pellerito (who was appointed in 2001) for his devotion and all the great work he did for the Board. Commissioner Wercinski added words of gratitude and well wishes. Gary Brasher presented Vince Pellerito a

plaque for his dedicated service to the Citizens of Arizona while being a Member of the Real Estate Advisory Board.

- c. Patty Shaw and Bruce Moseby, both possible candidates for the Real Estate Advisory Board, made separate introductions & brief statements including resume.

#### **IV. ROTATION OF ADVISORY BOARD MEETING LOCATION – PROPOSAL**

Chair Brasher proposed to the Board to have the quarterly Advisory Board meetings at various locations throughout the state. Discussion ensued as to the logistics and locations of these meetings. The idea was well received by board. Frank Dickens suggested that various industry partners, such as the Home Builders Associations and Associations of Realtors® could be possible 'hosts' for the Board Meetings. Chair Brasher requested that Board Members provide information to Robert Hall of any industry events that might be good venues to hold Board Meetings. This information will be compiled and provided to Chair Brasher and Commissioner Wercinski. The information will then be disseminated to Board. Lisa Suarez requested clarification whether these "away" meetings would be special sessions. Chair Brasher clarified that these would be the regularly scheduled quarterly meetings. He stated that these meetings would include the regular agenda, but the Call To The Public would perhaps be much more productive. Commissioner Wercinski emphasized that this move would be extremely positive and gives more voice from the Public.

#### **V. EXPANSION OF ADVISORY BOARD**

A proposal was made by Commissioner Wercinski to the Board to increase the number of Advisory Board Members from 9 to 11 and change the term from the current 6 years to a 4-year term (staggered). Tory Anderson provided more information as well as a handout with proposed changes. There was an overall positive response from all Members. Commissioner Wercinski stated that this proposal is currently at the Governor's Office for review. If the Governor is agreeable to this, it will then be submitted in our Legislation, most likely in the Omnibus. A Motion was made by Lisa Suarez to approve this proposal and seconded by Ann White. The Motion was unanimously approved and adopted after discussion.

## **VI. CASE REVIEW – COMMITTEE APPOINTED BY THE ADVISORY BOARD**

Commissioner Wercinski made a proposal to create a permanent Case Review Committee, appointed by the Advisory Board consisting of three entities; the Public, Industry and Department to provide recommendations as to the outcome of the case. The Commissioner made the following points:

- ☐ This Committee would not be used on every case, but for cases that the Department would consider denying or placing a severe restriction on the license.
- ☐ This Committee would be advisory only in nature.
- ☐ The Advisory Board would decide which cases that the Committee would review.
- ☐ Much of the review could be facilitated online through the use of technology. All review, discussion and recommendations could be accomplished in this manner. There would be no "physical" meeting necessary.
- ☐ The Advisory Board would select the Committee Members from each of the three entities as previously stated.
- ☐ For privacy issues the name on the case file would not be disclosed to Committee members; only details relevant to the case.

Ann White made a comment that this is a "great idea". Frank Dickens, Chair Gary Brasher and Co-Chair Lisa Suarez also made positive comments about this proposal. Ann White made a motion "that we go ahead and put together this Committee and move towards filling it". Kathy Howe seconded the Motion. The Motion was unanimously approved and adopted after discussion.

Further discussion ensued regarding logistics of establishing this Committee.

Points discussed:

- ☐ Send out email to Advisory Board Members requesting suggested volunteers.
- ☐ Possible use of individuals that might be interested in becoming an Advisory Board Member.
- ☐ Commissioner Wercinski offered to come up with recommendations relating to the size of the Committee and perhaps the 'mix' of the Committee.
- ☐ The Commissioner clarified that members would not be from the Advisory Board. The proposal is to obtain individuals from the industry and the public.
- ☐ The Commissioner also offered the proposal to send out "Late Breaking News" from the Department to advertise the Committee position.
- ☐ Any interested parties would contact an Advisory Board Member and the Board Member would then forward the individual's name to Tory Anderson.
- ☐ The Commissioner emphasized that the process needs to be timely.

- ❑ All members of the Board agreed upon a deadline of September 1<sup>st</sup>, 2007 for initial Committee setup.
- ❑ Janet Blair and Tom Adams were assigned to work together to initiate the "Late Breaking News".

## **VII. FACILITATOR REPORT FROM ADVISORY BOARD MEMBERS**

Chair Brasher requested that members report on their facilitator inquiries. Several members had received inquiries from the public.

## **VIII. COMMISSIONER'S REPORT**

### **Update**

Commissioner Wercinski mentioned that the Department is finishing up our first round of COE's. They have all been very effective. Generous sponsorship by the industry and government entities has allowed the Department to provide the COE with minimal costs. The communities are very responsive to the Department Outreach Programs.

The Commissioner presented a PowerPoint slide show highlighting the Departments "Three Entity Principal" and how good public policy is being developed. The Commissioner emphasized the following points:

- ❑ A change in the Department's focus to reduce unnecessary regulation on the good practitioners and shift those resources through joint effort and go pro-actively after those licensees harming the public.
- ❑ Emphasizing education for prevention as well as proper enforcement techniques.
- ❑ The Department is continuing to provide proper oversight of the 96,000 plus Real Estate agents and Brokers that we have in this state.
- ❑ Expand focus on controlling illegal subdivisions that today are a significant problem and negatively impact the industry and the public.

### **Advancements**

The Commissioner reiterated our current initiatives:

- ❑ The Community Outreach & Education (COE) programs will continue twice a year in every County.
- ❑ Instructor Development Workshop providing education to the educators has been a great success.
- ❑ The Disclosure Template has been generated as part of the Department's effort in reducing Subdivision violations.

Roy Tanney provided a detailed explanation of the Disclosure Template to the Board. He also stated that the Department would publicize this Disclosure Template to those that are in the position of needing to obtain a Public Report. The Commissioner stated that the Disclosure would be made available to Counties statewide.

- Inter-Governmental Agreements (IGA) to focus again on illegal subdivisions.

Tom Adams explained that our goal is to bring County employees to Phoenix to hold training on what makes and illegal subdivision. These IGA's provide more support to the County, whereby making the county an agent in support of the Department.

- Statute Workgroups are continuing. All recommendations will be submitted in a final report to the Commissioner and the Advisory Board on August 10<sup>th</sup>.
- The Department is looking at the subject of reciprocity with not only other States, but also internationally and in particular Mexico.
- As a member of the Governor's Growth Cabinet, the Department is actively working on helping to create some smart growth policies through the use of incentives. Cindy Ferrin and Jerome Jordan are our two Staff Members that are part of the nucleus for the Growth Cabinet.
- Jerome Jordan is the new Assistant Commissioner for Operations.
- The Department is very active in the Arizona Mexico Commission. The Department will be working on three action items that have to do with licensing of Real Estate agents as well as how we can facilitate the use of the Sonora Mexico Public Reports.

Chair Gary Brasher provided an anecdote as an example of the positive nature of the Arizona Mexico Commission.

## **IX. DIVISION MONTHLY REPORTS**

Tory Anderson provided the Board with the monthly ADRE activity report. She provided handouts reflecting the end of the Fiscal Year. The report is by quarter and by total that shows highlights of what the Department has been doing. Tory highlighted the following for Enforcement and Compliance (E & C):

- Opened 118 cases and closed 152 cases in the first quarter.
- In the second quarter they opened 110 cases and closed 126 cases.
- In the third quarter 146 cases were opened and 246 cases were closed.

Tory indicated this is a positive trend and most likely results from the implementation of the Accelerated Settlement Agreements process.

- The fourth quarter, E&C closed 262 cases and opened 208 cases.
- For the year, E&C opened 663 cases and closed 786 cases.

Tory reiterated that this is a very positive trend given current limited resources.

Tory highlighted the following statistics of other Divisions:

- ❑ Auditing processed 3776 Broker Audit Declarations
- ❑ Education processed 2000 applications & administered 30,286 examinations
- ❑ Investigations received 1482 cases, closed 1533 – Closing more that what we opened.

Tory emphasized that the Department is allocating additional resources into the Investigations Division as well as cross-training employees to assist in processing some minor cases which will help decrease the pending caseload.

- ❑ Licensing received 10,755 applications for new licenses this year; 30,000 renewals and 31,830 hire/sever actions.
- ❑ Development Services received 1635 applications and issued 1585 Public Reports.

Tory provided the Department Revenue report by Quarter. A handout was provided to all Board Members for review. Tory presented a graph reflecting expenditures:

- ❑ 84 percent of budget is spent on employees directly, which includes payroll, healthcare, days off etc.
- ❑ 1 percent on professional and outside services
- ❑ 2 percent of the budget is spent on equipment
- ❑ 12 percent on other operating expenses that includes rent, utilities, office supplies
- ❑ 1 percent of the budget is spent on in-state travel

Tory provided information relative to our sources of revenue:

- ❑ General Fund – 73 percent from licensing fees, 14 percent development services fees, 13 percent from civil penalties.

Tory discussed current status of 95-110:

- ❑ The Statute requires us to change our fees to be within 95-110 percent of our appropriation. In license fees we collected just over 5 million dollars; our appropriation last year was just under 4 million dollars so we're at about 130 percent, so we're really not that far off of the 110 percent threshold.

Tory also provided brief statistics on other items:

- ❑ Phoenix office received over 260,000 phone calls over the last year
- ❑ Tucson office received over 13,000 phone calls over the last year
- ❑ 823 restitution hours since March 2007
- ❑ There have been four recovery fund payouts.

**VII. OTHER MATTERS**

The Commissioner discussed the issue of ADRE obtaining fingerprint reports before license issuance. The topic was discussed in detail. Frank Dickens will investigate and report back to the Board with more information about implementing the process. The Board was very supportive of the Commissioner's proposal. No final decisions made during this meeting.

Mary Utey provided information on the ADRE Employee of the Month. She also announced that the Department is participating in a Summer Youth Work program provided by Chicanos Por La Causa. Six students were provided the opportunity to work in all the Department Divisions. The program is a positive experience for both the Students and the ADRE.

**VIII. CALL TO THE PUBLIC**

None.

**IX. ADJOURNMENT**

On a motion by Frank Dickens, seconded by Lisa Suarez and approved by the Board, Chair Brasher adjourned the meeting at 11:57 a.m.

DATED THIS 11<sup>th</sup> Day of October 2007.

**ARIZONA REAL ESTATE ADVISORY BOARD**

By: 

**Gary Brasher, Chairman**

